Protection of IDBI Interest in Essar Investment

*165. SHRI VAYALAR RAVI: Will the MINISTER OF FINANCE be pleased to state:

(a) whether Government's atention has been drawn to the report which appeared in the Indian Express on 31st January, 2000 captioned "Essar default-Burden set to fall on IDBI";

(b) if so, what is Government's reaction thereto; and

(c) whether the IDBI has taken any steps to protect its interest in the Essar investment?

THE MINISTRY OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) to (c) Industrial Development Bank of India (IDBI) has reported, with reference to the news report in the Indian Express of 31st January 2000 referred to in part (a) of the question, that the matter of extending support to partly fund the refinancing of Floating Rate Notes raised by Essar Steel Limited (ESL) is under consideration with Financial Institutions.

IDBI has further reported that it has taken necessary steps to protect its interest in the Essar Group of companies. The loans from IDBI stand secured by a charge on the assets of the respective companies. IDBI has appointed independent auditors for concurrent audit of the company's affairs in respect of ESL. A part of the promoters' holdings in ESL has already been pledged to IDBI and the remaining part is also required to be pledged.

Decisions for extending financial assistance or restructuring of loans etc. are taken by the financial institutions concerned based on their considered commercial judgement and RBI gidelines of the subject.

Declaring Construction as One of the Industrial Sector

*166. SHRI K.C. KONDAIAH: Will the MINISTER OF FINANCE be pleased to state:

(a) whether Government are considering a proposal to declare Construction as one of the industrial sectors to help its growth to meet the challenges of globalisation;

(b) whether Government are also considering to amend the provisions of the existing Act to enable the sector to take advantage of IDBI advances for technical advancement; and